GOVERNMENT OF INDIA
POWER
LOK SABHA

STARRED QUESTION NO:121
ANSWERED ON:23.11.2007
RE-STRUCTURING OF SEBs
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Will the Minister of POWER be pleased to state:

(a) the number of States and Union Territories (UTs) who have restructured or corporatized their power sector and unbundled their State Electricity Boards into separate entities for strengthening transmission and distribution and generation under power sector reforms;

(b) extent to which the said process of restructuring has helped the SEBs; and

(c) the measures being taken by the Government to mitigate the losses of State Electricity Boards?

Answer

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE)

(a) to (c) : A Statement is laid on the Table of the House.

STATEMENT

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF STARRED QUESTION NO. 121 TO BE ANSWERED IN THE LOK SABHA ON 23.11.2007 REGARDING RE-STRUCTURING OF SEBs.

(a) : So far, 13 States have reorganized their SEBs. Ten States namely Orissa, Haryana, Andhra Pradesh, Karnataka, Uttar Pradesh, Uttarakhand, Rajasthan, Delhi, Gujarat and Madhya Pradesh have done so under their respective State Electricity Reforms Acts. Assam, Maharashtra and West Bengal have reorganized their SEBs under the provisions of the Electricity Act, 2003. Government of Tripura has corporatized its Electricity Department.

(b) : The Central Government had awarded a study to the Indian Institute of Public Administration (IIPA) on the impact of restructuring of the State Electricity Boards. The broad conclusion of the study is that despite some shortcomings, the overall impact of restructuring has been positive and is in the right direction.

(c) : The State Electricity Board/Power Utilities are under the administrative control of the respective State Governments. As such, it the primary responsibility of the State Government to mitigate the losses of its utilities. However, the Government of India has taken the following major initiatives to bring down the losses of SEBs/Power Utilities:

(i) Past dues of Central Public Sector Companies against State Electricity Boards (SEBs) amounting to Rs.34,957.96 crores had been securitised in the year 2001.

(ii) The Electricity Act, 2003 provides that the tariff determination is to be done by independent Electricity Regulatory Commissions.

(iii) Section 65 of the Act provides that if the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the State Commissions, the State Government shall pay to the concerned utility/licensee the amount required to compensate the grant of subsidy.

(iv) The Accelerated Power Development and Reforms Programme (APDRP) was launched in the year 2002-03 for assisting States in investment in strengthening of sub transmission and distribution systems for reducing technical losses and improving the quality of supply and also for incentivising through cash grants the reduction of cash losses by State Power Utilities. It is being proposed to continue APDRP during the XIth Plan.

(v) Legal provisions in Electricity Act, 2003 for dealing with theft of electricity have been further strengthened by the Electricity (Amendment) Act, 2007.

(vi) Emphasis is given on metering of feeders and supply to consumers for energy accounting and auditing for identifying location of high losses.

(vii) Improving financial viability of power utilities is one of the key deliverables of power sector reforms. The Planning Commission`s Annual Report (2001-02) `On The Working of State Electricity Boards & Electricity Departments` assessed that the commercial

losses (without subsidy) of the SEBs had increased from Rs.4560 crores in year 1992-1993 to Rs.25,259 crores during 2000-01. After the year 2001-02, the Power Finance Corporation (PFC), which lends funds to State power utilities also, has started bringing out an annual compilation on the results of financial performance of these utilities. The latest report of PFC shows that the ever increasing trend of commercial losses of power utilities has been arrested. The commercial losses (without subsidies) in State Power Utilities, which had increased from 19,107 crores during 2003-04 to Rs.23,880 crores during 2004-05, have reduced to Rs.19,546 crores in 2005-06, alongside increase in turn over.